



**ASA(FM&C)**  
**Fall 2002 Army Resource Managers'**  
**Conference**

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**Army Budget and Legislative Update**



**Acting Director, Management and Control**  
**Army Budget Office**



# ***AGENDA***

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- **FY 02 Recap**
- **FY 03 Overview**
  - **FY 03 Appropriation Highlights**
  - **FY 03 GWOT Funding Challenge**
  - **FY 03 Apportionment Status**
  - **FY 03 OMA Funding Letter**
- **FY 04 Current Look**
  - **FY 02-04 Total Obligation Authority**
  - **FY 04 Program Budget Review**
  - **FY 04 Legislative Update**



# ***FY 02 Recap***



# ***FY02 - Start to Finish (\$B)***

	<b><u>FY02 Start</u></b>	<b><u>DERF Supp</u></b>	<b><u>Additional Supp</u></b>	<b><u>FY02 End</u></b>
<b>MILPERS</b>	<b>\$30.5</b>	<b>\$0.3</b>	<b>\$1.6</b>	<b>\$32.4</b>
<b>O&amp;M</b>	<b>27.9</b>	<b>2.1</b>	<b>2.3</b>	<b>32.3</b>
<b>RDA</b>	<b>18.0</b>	<b>0.1</b>	<b>0.2</b>	<b>18.3</b>
<b>MILCON / AFH</b>	<b>3.8</b>			<b>3.8</b>
<b>Other</b>	<b><u>1.6</u></b>		<b><u>0.1</u></b>	<b><u>1.7</u></b>
<b>TOTAL</b>	<b>\$81.8</b>	<b>\$2.5</b>	<b>\$4.2</b>	<b>\$88.5</b>

- DERF MILPERS = MPA only; excludes National Guard pay for FP missions and Airport Security (included in O&M)***



# ***FY 03 Overview***



# ***FY 03 Appropriation Highlights***

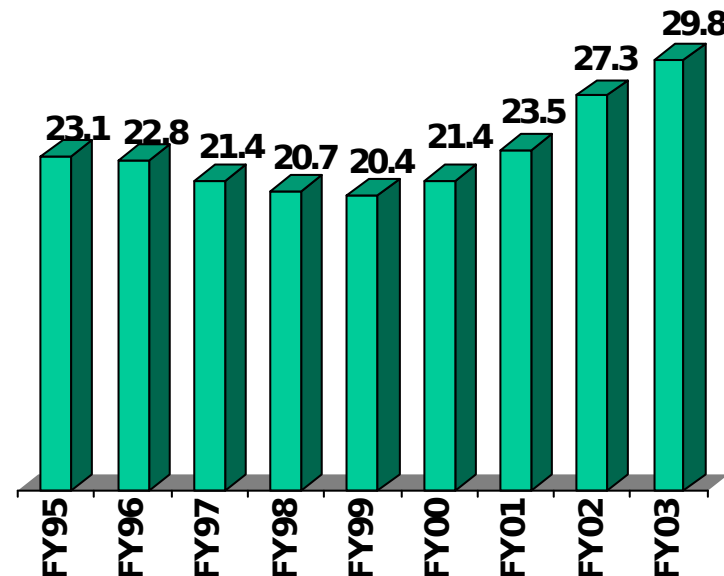
	<b>FY 02 End</b>	<b>PB03 Request</b>	<b>FY 03 Appn</b>
<b>Mil Per</b>	<b>32,600</b>	<b>35,620</b>	<b>35,295</b>
<b>O&amp;M</b>	<b>32,300</b>	<b>30,641</b>	<b>29,872</b>
<b>Procurement</b>	<b>11,000</b>	<b>12,279</b>	<b>12,626</b>
<b>RDTE</b>	<b>7,100</b>	<b>6,918</b>	<b>7,585</b>
<b>MILCON</b>	<b>2,400</b>	<b>1,638</b>	<b>2,026</b>
<b>AFH</b>	<b>1,400</b>	<b>1,405</b>	<b>1,386</b>
<b>Other</b>	<b>1,700</b>	<b>2,476</b>	<b>1,863</b>
<b>Total</b>	<b>88,500</b>	<b>90,977</b>	<b>90,654</b>



# Operation & Maintenance Summary

- **Readiness**

- Supports Ground and Air OPTEMPO
- Funds Critical Training Enablers
  - Integrated Training Area Management
  - Home Station Battle Simulation Centers
  - Simulation, Training & Instrumentation Command
- Supports ongoing Kosovo and Bosnia Operations
- Supports Army Transformation



- **Sustainment**

- Supports marginal growth in the Army's Depot Maintenance Program
- Funds Depot Maintenance Recapitalization

- **Installations and Infrastructure**

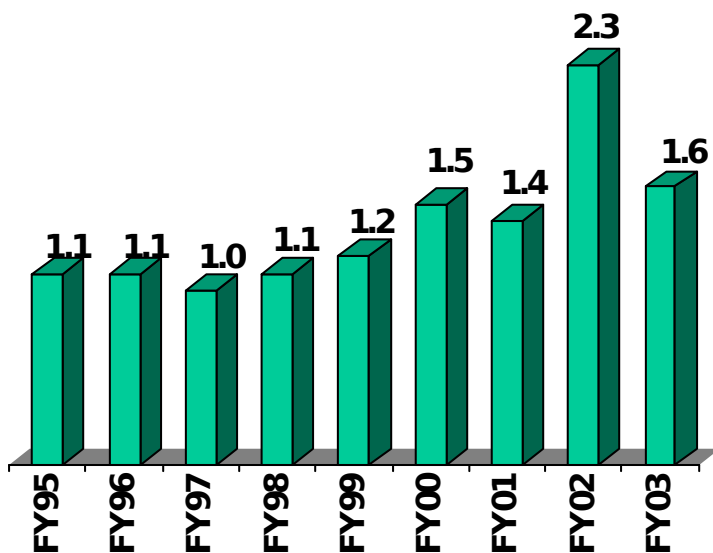
- Funds Antiterrorism/Force Protection(AT/FP)
- Implements Transformation Installation Management Initiative



# ***Military Construction***

## ***Summary***

- **Improves Facilities Across the Army**
  - **Continues Top Priority Whole Barracks Renewal**
  - **Constructs Facilities to Support Transformation**
  - **Supports Force Protection**
  - **Provides Reserve Component Centers, Maintenance Shops & Other Facilities**
  - **Begins an Efficient Basing Initiative in Germany**

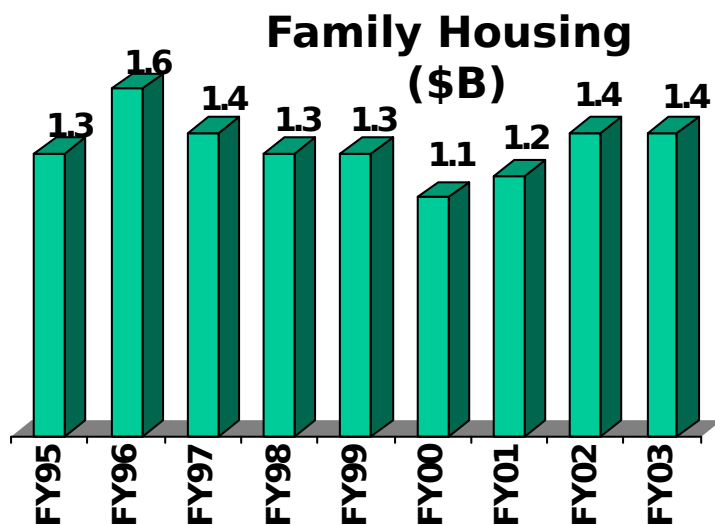






# ***Family Housing Summary***

- **Supports Quality of Life for Soldiers**
  - **Privatizes 17,000 Family Housing Units (MPA)**
  - **Revitalizes 912 Family Housing Units**
  - **Operates and Maintains 95,000 Units**
  - **Leases 15,000 Off Post Housing U**





# FY 03 Apportionment Status



# FY 03 Apportionment Status

<u>APPN</u>	<u>Amt Approp</u>	<u>1st Quarter Request</u>	<u>% of Approp Amount</u>	<u>Status</u>
MPA	\$26,775.0	\$6,872.0	25.7%	Approved
NGPA	5,114.6	1,534.4	30.0%	Approved
RPA	3,376.1	653.1	19.3%	Approved
OMA	23,677.1	8,912.4	37.6%	Not Yet Approved
OMANG	4,240.2	1,735.8	40.9%	Approved
OMAR	1,954.7	741.0	37.9%	Approved
ACFT	2,269.1	2,269.1	100.0%	Approved
MSLS	1,089.3	1,089.3	100.0%	Approved
WTCV	2,250.7	2,250.7	100.0%	Approved
AMMO	1,246.1	1,246.1	100.0%	Approved
OPA	5,770.8	5,770.8	100.0%	Approved
RDTE	7,585.4	7,585.4	100.0%	Not Yet Approved
MCA	1,683.7	1,683.7	100.0%	Approved
MCANG	241.4	241.4	100.0%	Approved
MCAR	100.6	100.6	100.0%	Approved
AFHC	280.4	280.4	100.0%	Approved
AFHO	1,106.0	376.0	34.0%	Approved
Chem/Demil				
O&M	974.2	966.7	99.2%	Not Yet Approved
R&D	302.7	298.6	98.6%	Not Yet Approved
Proc	213.3	210.4	98.6%	Not Yet Approved
NOTE: MPA, NGPA, OMA, and CHEM-DEMIL requested apportionment skewed to first 2 quarters vs straightline projection				



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# ***FY 03 OMA Funding Letter***

**Chief, Current Operations Division  
Directorate of Operations and Support**



# ***What We'll Cover Today***

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- **Assumptions**
- **Funding Profile**
  - President's Budget to Current Position
  - Distributed Congressional Adjustments
  - Undistributed Congressional Adjustments
  - General Provisions
- **Paying the OMA Bills**
  - Unfinanced Requirements Methodology
  - The OMA Checkbook
  - Review of Unfinanced Requirements
- **Summary**



# ***Assumptions***

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- **We should not expect additional funds for operations or requirements not related to Noble Eagle/Enduring Freedom**
- **We will receive a Global War on Terrorism (GWOT) supplemental - - Expect uphill struggle on amount and timing**
- **We will be required to cash flow GWOT from our base appropriation for up to 10 months; SRM will continue to be a major cash flow source**



# ***FY03 OMA Funding Profile (\$K)***

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**FY03 OMA PRESIDENT'S BUDGET**  
**\$24,581,055**

## **CONGRESSIONAL ADJUSTMENTS**

**Distributed Adjustments** **\$152,575**

**Undistributed Adjustments**  
**(\$741,548)**

**FY03 OMA APPROPRIATION**  
**\$23,992,082**

**GENERAL PROVISIONS**  
**(\$351,086)**

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**FY03 OMA FUNDING LETTER POSITION**



# FY03 Congressional Marks (\$K)

Distributed Adjustments	\$152,575
General Provisions	(\$351,086)
<u>Undistributed Adjustments</u>	<u>(\$741,548)</u>
<b>TOTAL</b>	<b>(\$940,059)</b>
“No Hurt Reductions”	<u>\$764,702</u>
Revised OMA losses	<u>\$175,357</u>

### Behind the Numbers

- Adjustments include Retirement Accruals (\$612.4M), Foreign Currency Savings (\$102M), and Pacific C2/IT Infra-Structure Transfers to OPA (\$53.2M)
- None of these actions should reduce OMA “buying power”

### Historical OMA Congressional Marks

	FY99	FY00	FY01	FY02	FY03
Buying Power Loss	\$1.8B	\$1.4B	\$0.5B	\$0.5B	\$0.2B





# ***Paying the OMA Bills Methodology/Strategy***

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- **Pay the Congressional marks by;**
  - **Targeting specific programs directed by Congress**
  - **Spreading unspecified reductions across the BAs using the X, X/3, X/2 formula**
- **Address unfunded requirements in the following manner;**
  - **Use the OMA account to “cash flow” validated NE/EF GWOT tasks and pursue Supplemental funding**
  - **Focus the distribution of “checkbook” funds on EOH Issues of Interest**
  - **Do not fund UFRs resulting from President’s Budget decisions -- use the Funding Letter to provide guidance to stay within the budgeted level**



# ***FY03 MACOM Funding Profile (Small MACOMs) (\$K)***

	<b>A</b>		<b>B</b>		<b>C</b>		<b>D</b>		<b>E</b>	
<b>FY03 Presidents Budget</b>	\$	107,155	\$	32,731	\$	119,532	\$	128,942	\$	74,590
<b>Tech Fixes/Adjustments</b>	\$	123,774	\$	186,255	\$	64,789	\$	19,247	\$	80,123
<b>Transfers</b>	\$	(20,279)	\$	(9,959)	\$	6,657	\$	21,135	\$	(6,096)
<b>Revised Start Point</b>	\$	210,650	\$	209,027	\$	190,978	\$	169,324	\$	148,617
<b>Exemptions</b>	\$	(1,240)	\$	(334)	\$	(35,182)	\$	(18,731)	\$	(24,294)
<b>Distributed Adjustments</b>	\$	(109)	\$	(59)	\$	(247)	\$	(3,542)	\$	(1,303)
<b>Undistributed Adjustments</b>	\$	(379)	\$	(378)	\$	4,550	\$	(265)	\$	(221)
<b>General Provisions</b>	\$	(1,060)	\$	(1,056)	\$	(823)	\$	(739)	\$	(633)
<b>FY03 Funding Letter</b>	\$	209,102	\$	207,534	\$	194,458	\$	164,778	\$	146,460
<b>Percentage of FY03 Start Point</b>		99%		99%		102%		97%		99%



# Paying the OMA Bills Methodology

- Pay the Congressional marks by targeting specific programs directed by Congress and spreading unspecified reductions across the BAs using the standard X, X/3, X/2 methodology.
- Address unfunded requirements in the following manner:
  - Use the OMA account to “cash flow” validated NE/EF GWOT tasks and pursue Supplemental funding
  - Focus the distribution of “checkbook” funds on EOH Issues of Interest
  - Do not fund UFRs resulting from President’s Budget decisions - - use the Funding Letter to provide guidance to stay within the budgeted level

Keys to Process Discipline

- The FY03 budget has gone through the POM, BES
- The PEGs, CofC, PPBC, and SRG developed and reviewed the FY03 budget at key decision points
- We’ve outlined the FY03 strategy to Congress and the Army

- If a requirement is not adequately funded in the POM, BES or PB
- Is not a compelling emerging requirement since the PB and is not directly related to the GWOT, then...
- The responsible DA Staff proponent, in conjunction with the MACOMs, should develop a plan now to stay within the budgeted level



# ***The Checkbook (\$M)***

- **Sources of Funds:** Undistributed account \$317M
- **Generating Additional Revenue:** Three other options explored but not recommended
  1. 1% tax on the entire OMA Appropriation (no exemptions) yields @ \$236 M
  2. 1% tax on non-exempt taxable funding base - yields @ \$149 M
    - \$69M of which would be BOS & SRM
  3. 1% tax on BOS & SRM - yields @ \$6

• **Robs Peter to pay Paul**

• **Passes risk to the field**

**Conclusion:** Use the undistributed account as the sole source of the Funding Letter checkbook



# Executive Office of the Headquarters (EOH) Issues of Interest (\$K)

Can fund \$317M of the \$350M Spares requirement (Short \$33M)

Staff Priorities	UFR Title	Amount
0	SPARES: ADDITIONAL Current Year TOA	\$ 350,000
0	Army Aviation Transformation	\$ 46,110
0	Aviation Training (Includes Flight School XXI)	\$ 68,500
0	Stryker IBCT International Loaner Vehicle (CLS and Rebuild)	\$ 20,000
0	Personnel Transformation	\$ 21,000
0	eArmy University	\$ 23,000
19	Stryker Brig Combat Team Transformation, Combat Training Center Program	\$ 3,470
20	Officer Education System (OES)	\$ 21,000
21	SBCT Preparations (USARPAC/USACE)	\$ 70,506
22	TRADOC DTLOMS Support	\$ 123,900
24	Army Knowledge Management (The Army Portal)	\$ 24,000
37	Train the Load TRAP Increases and Summer Surge	\$ 23,750
40	Stryker BCT Contingency Force Operations (CLS)	\$ 44,200
41	Army Aviation 90% Mission Capable	\$ 31,500
Sub Total		\$ 870,936

Cut Line

Focus:

-Will focus efforts and resources on following priority UFRs during year of execution: (\$168M)

- Remaining Spares requirement \$33M
- Army Aviation Transformation \$46M
- Aviation Training \$69M
- Stryker IBCT (CLS and Rebuild) \$20M
- \$168M



# Centrally Managed Accounts- A Corporate Army Bill (\$K)

Staff Priorities	UFR Title	Amount
<b>12</b>	Second Destination Transportation (Multiple)	\$ 18,200
<b>39</b>	GSA Leases	\$ 36,599
<b>40</b>	Disposition of Remains	\$ 5,584
<b>69</b>	Army Civilian Intern Program	\$ 5,000
<b>225</b>	Civilian Personnel Support - CPOC Operations	\$ 21,712
<b>241</b>	Defense Security Service - Personnel Security Investigation	\$ 2,000
<b>369</b>	Army Claims Program	\$ 17,056
<b>413</b>	Annuities for Certain Military Surviving Spouses	\$ 1,300
<b>421</b>	DFAS: ACCOUNTING SERV, GWOT TVL VOU, PPA	\$ 23,000
<b>450</b>	Nat'l Archives Records Admin Reimb Prog (OMA)	\$ 7,444
<b>486</b>	Commercial Travel Office	\$ 8,095
<b>Total</b>		<b>\$ 145,990</b>

**Areas to monitor and address during the mid-year review**



# Options Considered

- ✓ **Option One:**
  - **Apply Undistributed Account toward Spares; \$317M**
  - **Focus resources as available during year of execution on EOH areas of emphasis; \$168M**
  - **Closely monitor Centrally Managed Accounts and re-address during mid year review**
- **Option Two:**
  - **Cash Flow Spares (\$350M) from OPTEMPO**
  - **Pay all CMA (\$146M)**
  - **Pay all remaining Priority (0) EOH UFRs (\$171M)**
    - **Pay \$60,500 toward Aviation Training**
  - **No Reserve**
- **Option Three: Pay CMA and all EOH (0) UFRs (\$708M); Requires \$391M in additional taxes under one of three branches**
  - **5.7% Tax on Base Support [(29% Tax On SRM)(Funded at 43%)]**
  - **2.6% Tax on non exempt OMA Base**
  - **1.7% Tax on entire OMA Appropriation**

**EOH Decision: Option 1**



# ***Summary***

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- **Use the OMA account to “cash flow” validated NE/EF GWOT (to include Spares) tasks and pursue Supplemental funding**
- **Approve UFR Payment Option One:**
  - **Apply Undistributed Account toward Spares; \$317M**
  - **Focus resources as available during year of execution on EOH areas of emphasis; \$168M**
  - **Closely monitor Centrally Managed Accounts and re-address during mid year review**
- **Do not fund UFRs resulting from President’s Budget decisions - - use the Funding Letter to provide guidance to stay within the budgeted level.**



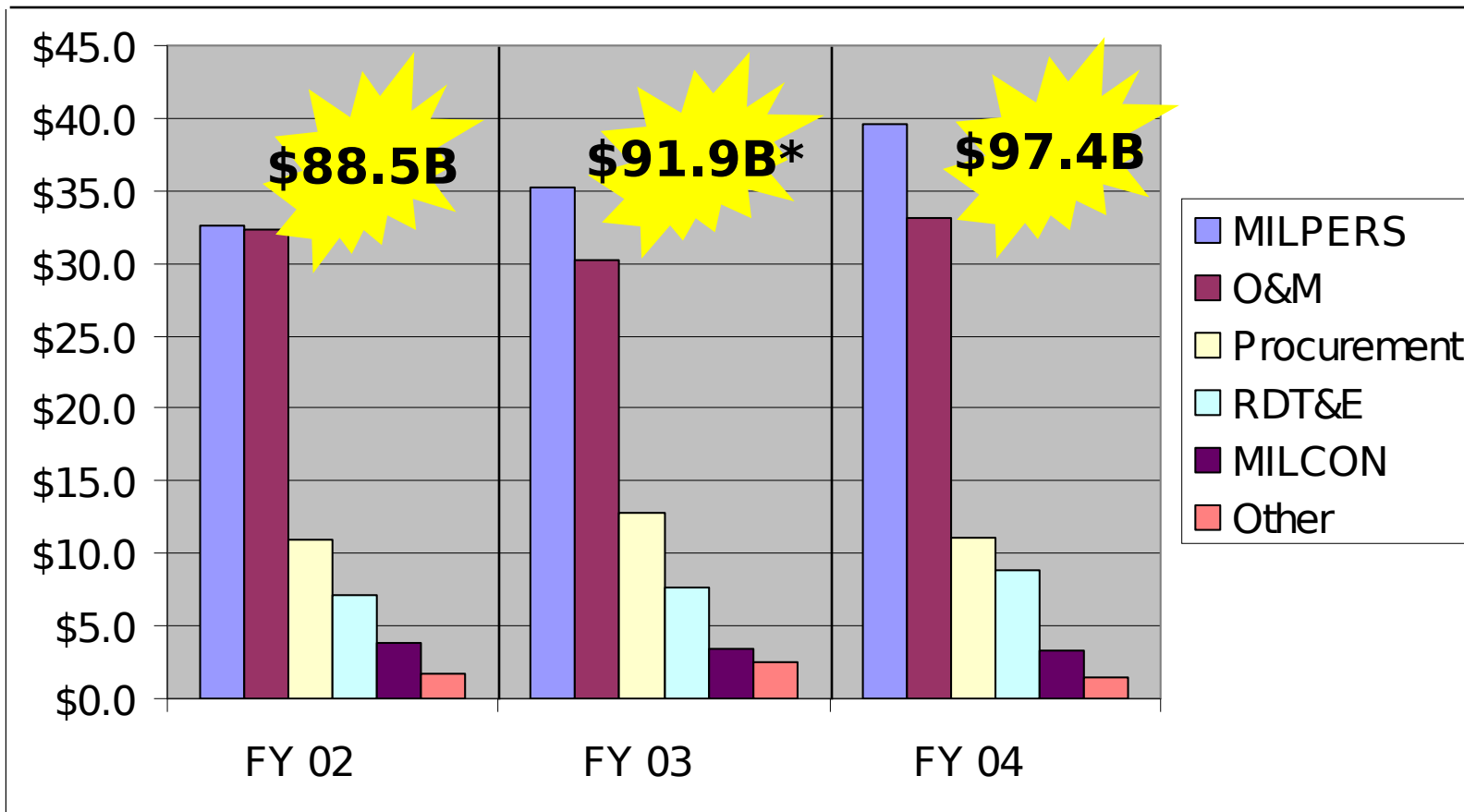


# ***FY 04 Current Look***



# Total Obligation Authority

\$B



\* Does not include general provision; FY03 PB



# ***FY 04 Legislative Update***

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## ***Mission Analysis Strategy For The 108<sup>th</sup> Congress***

***Charts deleted. Not cleared for public release.***

**Chief, Congressional Budget Liaison Office  
Army Budget Office**